

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 56th LEGISLATURE - REGULAR SESSION**

#### **JOINT APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT AND TRANSPORTATION**

**Call to Order:** By **CHAIRMAN LILA TAYLOR**, on February 4, 1999 at  
8:00 A.M., in Room 402 Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Lila Taylor, Chairman (R)  
Sen. Mike Taylor, Vice Chairman (R)  
Sen. Eve Franklin (D)  
Sen. Ken Mesaros (R)  
Rep. Ray Peck (D)  
Rep. Joe Quilici (D)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Lynn Daily, Committee Secretary  
Mary Beth Linder, OBPP  
Jim Turner, Legislative Branch

**Please Note:** These are summary minutes. Testimony and  
discussion are paraphrased and condensed.

**Committee Business Summary:** Department of Revenue Budget  
Testimony

**Mary Bryson** speaks for the Department of Revenue Budget.

**EXHIBIT (jgh28a01):** Department of Revenue; Budget Presentation  
Fiscal Years 2000-2001

\*See Attachments

**EXHIBIT 1:** Attachment  
Bold taken directly from exhibit

**Present law adjustments:** (Page 3)  
training

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- represents approximately \$150/FTE/year or \$300 over the biennium

**Jeff Miller** speaks about the Reorganization of DOR ... Budget Shift (Page 5 - Page 11).

Director's Office has 36 FTEs

**Questions from Committee Members and Responses:**

**SEN. TAYLOR** asks how we get other agencies on board. **Jeff Miller** says that they have some agencies already on board.

**Mike Boyer, Information Technology Process Leader**, speaks for the Information Technology division (Page 12 - Page 13).

Technology is directed toward networking

*{Tape : 1; Side : A; Approx. Time Counter : 0 - 30.7}*

**Present law Adjustments** (Page 13)

**Training**

- they are making a transition to new technologies and the training is more expensive
- they are also looking to attract new personnel

**New Proposals** (Page 13)

**Electronic Interface Programming**

**... Four agencies in FY2000 and eight additional agencies in FY2001**

- the four agencies are Department of Transportation, Legislative Services, Department of Fish, Wildlife, and Parks, and the Department of Corrections

**Questions from Committee Members and Responses:**

**SEN. TAYLOR** asks where they are in the Y2K compliance. **Mike Boyer** says that they are at 82% of their targeted systems.

**CHAIRMAN TAYLOR** asks what the employees were given as a pay increase. **Mr. Boyer** says they could take a person up to a maximum range, but they did not do this. They were taken up to about 10%. **SEN. TAYLOR** states this was brought about because they were having a hard time competing with the private sector to keep programmers. **Mr. Boyer** states that they use more professional services than he would like and the reason they didn't go to the maximum pay increase was because they wanted to have room to give more money. **SEN. TAYLOR** then asks how many programmers they have and what the turnover rate was. **Mr. Boyer**

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says they have 22 and have lost 3 in the last 10 months that he has been there. **Mrs. Bryson** says that they have approximately six positions vacant because they couldn't fill them.

**SEN. MESAROS** asks what the other eight agencies are. **Neil Peterson** says that they do not know for sure, but they have identified the agencies that use Remittance Processing that they will try to recruit. **Mrs. Bryson** says that some of the agencies they are considering are the Department of Commerce, State Fund, Historical Society, and Secretary of State.

**REP. QUILICI** says that they have estimated the cost to be about \$30,000 per agency and they have to make sure they're budgeted for this. **Mrs. Bryson** says that the opposite is true. They are asking for \$30,000 in their own budget rather than having the agency come forward to ask for the money. **REP. QUILICI** states that they are providing this service for free in essence. **Mrs. Bryson** says in essence this is true. **Jim Turner** states that some of the agencies are very interested in this and others are not interested at all until they see if it is going to work.

**SEN. TAYLOR** asks if they have looked the cost of other agencies doing this remittance and how much they spend now. **Mrs. Bryson** says they have estimated that they could save the Department of Fish, Wildlife, and Parks \$75,000 the first year and \$95,000 the second year. **SEN. TAYLOR** says that if they can do this cheaper then FTEs should be reduced in other agencies. **Mrs. Bryson** says that has been the prime question. They believe they can do it and this is where the state should head. It has been very difficult and they are putting forward a decrease of FTEs in their program to show good faith.

**CHAIRMAN TAYLOR** asks why these expenses were not part of HB188. **Mr. Boyer** says that bill only had provisions for one stop licensing and the Department of Transportation accounts receivable.

**Jim Turner** states that the \$120,000 for FY00 and the \$240,000 in FY01 are only to get the system started. There would be additional charges for their actual services.

**REP. QUILICI** asks if ISD is supposed to be doing this already. **Mr. Boyer** says that he is not familiar with ISD's services. **Mary Beth Linder** says that ISD provides this service if the agencies want to buy it.

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**SEN. TAYLOR** believes that the big picture is to try to get one group to do Information Services, but they keep having "turf wars". **Mrs. Bryson** says that they need to start looking at themselves as an enterprise and not separate individual state agencies. The DOR's goal would be to get to a place where the agencies could do it and not worry about getting money in the bank. Once the session is over they intend to embark upon examining redundance as in each agency. **Mr. Boyer** says they are looking at other agencies to share resources among.

**Lynn Chenoweth, Resource Manager Process Leader**, speaks for the Resource Management department budget (Page 14 - Page 17).

**Human Resources** (page 14)

provided to entire department to make sure they get paid  
and the right amount is issued, and also look at  
benefits

**Accounting** (page 14)

have to make sure the money is properly counted, recorded,  
and distributed

**Liquor Enterprise (within Program 5)** (Page 16)

- have 19 FTEs all located in Helena, Most at the liquor warehouse
- distribute weekly to 102 stores
  - they then supply 1500 bars with liquor

**Questions from Committee Members and Responses:**

**REP. QUILICI** asks if the figures under the Present law adjustments on page 16 are in the base. **Mrs. Bryson** says they are.

**SEN. TAYLOR** states that in the liquor industry there is a 40% makeup with no competition. Since there is a \$50 Million profit they should kick back a minimum of 10% into the General Fund.

**Mrs. Bryson** says that the \$18 Million includes liquor taxes, the actual profits from liquor are \$5 Million and are transferred.

**SEN. TAYLOR** states that there is a real concern with people because of inefficiency of the Department to mitigate licenses in liquor, i.e. Cabaret License. He then asks how they are going to solve this. **Mrs. Bryson** says that was part of the liquor licencing and they have moved the process into CSC, but they have do some work. The application are complicated because of contingency of gambling licence. They have a piece of legislation going through which should assist the Cabaret Licence, and they are continuing to evaluate.

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**CHAIRMAN TAYLOR** asks if the liquor stores can't plan ahead to know what they will need over a holiday so the DOR didn't have to work overtime. **Mr. Chenoweth** said they recently contacted the people to see if they could do this. **REP. QUILICI** asks if the liquor stores have to pay for the product when they receive it. **Mr. Chenoweth** says they have 60 days to pay. **Jim Turner** says that this is an enterprise fund and the legislature doesn't approve the budget or set rates. This is just for information.

**SEN. TAYLOR** asks how many customers they have. **Mr. Chenoweth** says they have 102 stores. CSC will process the orders.

**{Tape : 2; Side : A; Approx. Time Counter : 0 - 30.4}**

**Neil Peterson, Customer Service Center Process Leader**, speaks for the Customer Service Center's budget (Page 18 - Page 24).

**EXHIBIT (jgh28a02):** Department of Revenue Customer Service Center Fact Sheet

\*See Attachments

**New Proposals** (Page 21)

has been taken out of HB 2 and moved to HB 576

They feel an FTE allocation for now is the best they can do

**One Stop Licencing** (Page 24)

the more licences they get, the lower the price will be

**Input manual cash** (Page 24)

time-consuming process

**Capture Paper** (Page 24)

**(Charges per keystroke)**

- \$0.0038

- for 1300 keystrokes would be \$4.97

**{Tape : 2; Side : B; Approx. Time Counter : 0 - 28.5}**

\***EXHIBIT 2 Attachments**

Bold taken directly from exhibit

**Document & Information Processing** (Page 1)

state wide remittance processing center

**Customer Intake** (Page 1)

provide single point of contact

**Licencing**

**500 license processed per year**

- changes in existing licenses

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- new location or owner
- 3,300 license renewals

**Questions from Committee Members and Responses:**

**Jim Turner** asks if they are asking for a 60-day working capital.

**Mr. Peterson** says no, they are asking for approval of these rates.

**Don Hoffman, CVR Process Leader,** speaks for the Compliance, Valuation, & Resolution budget (Page 25 - Page 30).

- will have a presence in all 56 counties

**EXHIBIT (jgh28a03):** Guide to Taxes; Administered by the Montana Department of Revenue January 1999

**New Proposals** (Page 30)

- these fees are for processing of tax returns

**Questions from Committee Members and Responses:**

**REP. QUILICI** asks what will happen to the people in the Butte office. **Don Hoffman** says they will still be there. He doesn't believe that with all the work the Butte Office has it will be affected. They are going to reduce the time people will be in the office, but they will provide alternate services. **REP.**

**QUILICI** asks what happens in the event that no one is at the counter. **Mrs. Bryson** says that they are required to do appraisals also and this way they can be out in the field. This will not start for 3-4 years. They hope to provide the enabling technology through Internet access and they do have the phone center.

**CHAIRMAN TAYLOR** asks if this is where the FTE savings are going to be. **Mrs. Bryson** says part will be from here. **CHAIRMAN TAYLOR** states that the customer service center people couldn't be nice enough to satisfy tax payer if you take out the local person away.

**{Tape : 3; Side : A; Approx. Time Counter : 0 - 30.3}**

**CHAIRMAN TAYLOR** asks if they have looked at remote counties that have vehicles that they do not use all the time and are just left parked. They may be able to lease these vehicles for part time use from the counties. **Mr. Hoffman** says they have never looked at this.

**SEN. TAYLOR** asks what the mileage is on the cars that they are going to replace. **Mr. Hoffman** says that the proposed FY00

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replacements currently have between 75,000 and 125,000, the proposed FY01 replacements currently have between 105,000 and 115,000 miles.

**SEN. FRANKLIN** asks them to talk a little bit about the cigarette stamp and does it have to be a specific stamp. **Jeff Miller** says that previously they had a contract with Pitney-Bowes and they no longer do the stamps. After that there were three companies that did this and they could take the lowest bid. There is now only one company, so they are stuck.

**REP. PECK** asks if they would be willing to use a different stamp if the state would approve it. **Mr. Miller** says that this is the only method to do this.

**REP. QUILICI** states that in 2001 there will be an additional 17 positions will be decreased. He then asks how many of these people will come out of the Mitchell Building. **Mrs. Bryson** says they do believe some the positions will come from there, but they haven't identified them yet.

**CHAIRMAN TAYLOR** asks if the Legislature has the authority to allocate a specific amount of funds for a specific use. **Mrs. Bryson** says that it is the legislators prerogative.

**Mrs. Bryson** speaks about the LFD comment on Personal services. This was in the base year of 1998. They were required to reduce FTEs in 33 - 8 required in FY98 and 25 in FY99.

**EXHIBIT (jgh28a04):** Department of Revenue answers to LFD Comments

*{Tape : 3; Side : B; Approx. Time Counter : 0 - 28.7}*

**CHAIRMAN TAYLOR** asks Mrs. Bryson to explain the POINTS project. **Mrs. Bryson** says that they will make a short presentation tomorrow.

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**ADJOURNMENT**

Adjournment: 11:14 A.M.

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REP. LILA TAYLOR, Chairman

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LYNN DAILY, Secretary

LT/LD

**EXHIBIT** (jgh28aad)